

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

| | | | |
|--|-------------------------------|---|---------------------|
| Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Unit Name Washtenaw County - 800 MHz Comm CU | County Washtenaw |
| Fiscal Year End December 31, 2007 | Opinion Date April 1, 2008 | Date Audit Report Submitted to State April 2, 2008 | |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

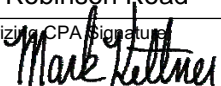
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ **Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

| | | | | |
|--|-------------------------------------|--|-------------|-------------------------|
| We have enclosed the following: | Enclosed | Not Required (enter a brief justification) | | |
| Financial Statements | <input checked="" type="checkbox"/> | | | |
| The letter of Comments and Recommendations | <input type="checkbox"/> | (Included in County's Letter) | | |
| Other (Describe) | <input type="checkbox"/> | | | |
| Certified Public Accountant (Firm Name) REHMANN ROBSON | | Telephone Number 517-787-6503 | | |
| Street Address 675 Robinson Road | | City Jackson | State MI | Zip 49203 |
| Authorizing CPA Signature  | | Printed Name Mark T. Kettner, CPA, CGFM | | License Number 11673 |

**WASHTENAW COUNTY 800 MHz
COMMUNICATIONS CONSORTIUM**

Ann Arbor, Michigan

FINANCIAL STATEMENTS

For The Year Ended December 31, 2007



REHMANN ROBSON

Certified Public Accountants

**WASHTENAW COUNTY 800 MHz
COMMUNICATIONS CONSORTIUM**

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|--------------------|
| Independent Auditors' Report | 1 |
| Basic Financial Statements for the Year Ended December 31, 2007 | |
| Statement of Net Assets and Governmental Fund Balance Sheet | 2 |
| Statement of Activities and Governmental Fund Revenue, Expenditures and Changes in Fund Balance | 3 |
| Statement of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund | 4 |
| Notes to Financial Statements | 5-7 |

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



Independent Auditors' Report

April 1, 2008

To the Board of Directors
Washtenaw County 800 MHz
Communications Consortium
Ann Arbor, Michigan

We have audited the accompanying financial statements of the governmental activities and major fund of the **WASHTENAW COUNTY 800 MHz COMMUNICATIONS CONSORTIUM** as of and for the year ended December 31, 2007, which collectively comprise the Consortium's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Consortium's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the **Washtenaw County 800 MHz Communications Consortium** as of December 31, 2007, and the respective changes in financial position thereof, and the budgetary comparison for the major fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Consortium has not presented management's discussion and analysis as required supplementary information. The Governmental Accounting Standards Board has determined that such information is necessary to supplement, although not required to be part of, the basic financial statements.

BASIC FINANCIAL STATEMENTS

Washtenaw County 800 MHz Communications Consortium
Statement of Net Assets and Governmental Fund Balance Sheet
December 31, 2007

| | Special Revenue Fund | Adjustments | Governmental Activities |
|---|-------------------------------------|--------------------|------------------------------------|
| Assets | | | |
| Cash and pooled investments | \$ 394,992 | \$ - | \$ 394,992 |
| Liabilities | | | |
| Accrued liabilities | \$ 55,000 | - | 55,000 |
| Fund balance / net assets | | | |
| Unreserved / unrestricted | 339,992 | \$ - | \$ 339,992 |
| Total liabilities and fund balance | \$ 394,992 | | |

The accompanying notes are an integral part of these financial statements.

Washtenaw County 800 MHz Communications Consortium
Statement of Activities and Governmental Fund Revenue,
Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2007

| | Special Revenue Fund | Adjustments | Governmental Activities |
|---|-------------------------------------|--------------------|------------------------------------|
| Revenue | | | |
| Intergovernmental - local | \$ 267,600 | \$ - | \$ 267,600 |
| Interest revenue | 19,709 | - | 19,709 |
| | <hr/> | <hr/> | <hr/> |
| Total revenue | 287,309 | - | 287,309 |
| | <hr/> | <hr/> | <hr/> |
| Expenditures / expenses | | | |
| Consultants and contracts | 246,669 | - | 246,669 |
| Equipment rental | 10,939 | - | 10,939 |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures / expenses | 257,608 | - | 257,608 |
| | <hr/> | <hr/> | <hr/> |
| Change in fund balance / net assets | 29,701 | - | 29,701 |
| | <hr/> | <hr/> | <hr/> |
| Fund balance / net assets, beginning of year, as restated | 310,291 | - | 310,291 |
| | <hr/> | <hr/> | <hr/> |
| Fund balance / net assets, end of year | <u>\$ 339,992</u> | <u>\$ -</u> | <u>\$ 339,992</u> |

The accompanying notes are an integral part of these financial statements.

Washtenaw County 800 MHz Communications Consortium
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual - Special Revenue Fund
For the Year Ended December 31, 2007

| | Original / Final Budget | Actual | Variance with Final Budget + (-) |
|--|--|--------------------------|---|
| Revenue | | | |
| Intergovernmental - local | \$ 282,600 | \$ 267,600 | \$ (15,000) |
| Interest revenue | - | 19,709 | 19,709 |
| | <u>282,600</u> | <u>287,309</u> | <u>4,709</u> |
| Expenditures | | | |
| Salaries | 67,000 | - | 67,000 |
| Consultants and contracts | 171,968 | 246,669 | (74,701) |
| Equipment rental | 31,800 | 10,939 | 20,861 |
| | <u>270,768</u> | <u>257,608</u> | <u>13,160</u> |
| Total expenditures | <u>270,768</u> | <u>257,608</u> | <u>13,160</u> |
| Net change in fund balance | 11,832 | 29,701 | 17,869 |
| Fund balance, beginning of year, as restated | <u>310,291</u> | <u>310,291</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 322,123</u></u> | <u><u>\$ 339,992</u></u> | <u><u>\$ 17,869</u></u> |

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY 800 MHz COMMUNICATIONS CONSORTIUM

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Washtenaw County 800 MHz Communications Consortium (the “Consortium”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of Consortium’s accounting policies are described below:

A. Reporting Entity

The Washtenaw County 800 MHz Communications Consortium is a separate legal entity, formed by Washtenaw County and the State of Michigan pursuant to the Urban Cooperation Act (Public Act 7 of 1967). The Consortium’s primary focus is to provide for the ownership, governance, and management of a public safety/public service communications system that delivers reliable, interoperable wireless communications throughout Washtenaw County for its subscribing members.

B. Government-wide and Fund Financial Statements

As permitted by GASB Statement No. 34, the Consortium uses an alternative approach reserved for single program governments to present combined government-wide and fund financial statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. Accordingly, this is presented in the Statement of Net Assets and Governmental Fund Balance Sheet and the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance. The major governmental fund is reported as a separate column in the aforementioned financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial information is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial information is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Consortium considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

WASHTENAW COUNTY 800 MHz COMMUNICATIONS CONSORTIUM

Notes To Financial Statements

Revenue from contributions from local sources associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Consortium reports the following major governmental fund:

Special Revenue Fund

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes. The special revenue fund used by the Consortium is used to record its general operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

D. Budgets

The Consortium's special revenue fund is under formal budgetary control. The budget shown in the financial statements was adopted on a basis consistent with generally accepted accounting principles and consists only of those amounts contained in the formal budget approved by the Consortium Board of Directors.

E. Cash and Cash Equivalents

Amounts reported as cash and cash equivalents include amounts on hand and amounts held by the Washtenaw County Treasurer in the County's pooled cash management accounts.

State statutes require all money, negotiable instruments, securities or any other thing of value to be deposited with the treasurer of the local unit.

F. Fund Equity

Reservations of fund balance, if any, represent amounts that are not appropriable or are legally segregated for a specific purpose. The unreserved fund balance in the special revenue fund represents amounts available for future appropriations.

WASHTENAW COUNTY 800 MHz COMMUNICATIONS CONSORTIUM

Notes To Financial Statements

2. CASH AND CASH EQUIVALENTS

The Consortium is authorized to deposit or invest in any accounts or institutions as permitted by State statutes. However, because of favorable terms, the Consortium has chosen to participate solely in Washtenaw County's pooled cash management accounts, which are managed by the Washtenaw County Treasurer. The funds held in the Treasurer's pooled accounts are deposited by, and in the name of, the Washtenaw County Treasurer. County funds are also deposited in those accounts and, as such, because of the complexities of FDIC Regulation #330.8, it is not possible to readily determine the amount of insurance that would be allocated to the Consortium's deposits. Information regarding Washtenaw County's cash management pool may be obtained by writing to Washtenaw County, P.O. Box 8645, Ann Arbor, Michigan 48107-8645.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

State statutes provide that a local unit shall not incur expenditures in excess of the amounts appropriated. The approved budget of the Consortium was adopted on a line item basis. Excess of expenditures over appropriations are as follows:

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---------------------------|---------------|---------------|-----------------|
| Consultants and contracts | \$ 171,968 | \$ 246,669 | \$ (74,701) |

4. RESTATEMENT

The beginning net assets of the Consortium were decreased by \$42,742 to record expenditures in 2006 that were improperly recorded in 2007.

* * * * *